THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASHEB VIKHE PATIL): (a) Yes, Sir.

(b) The committee has recommended, *inter-alia,* that the structure of UTI should be in line with SEBI (Mutual Fund) Regulations. Accordingly, there would be (i) a sponsor, (ii) a Trustee Company, and (in) an Asset Management Company (AMC). Further, the Committee's report states that the sponsor should be a sponsoring company which could be owned upto 40% by the sponsoring institutions (i.e., the institutions which presently hold the initial capital) and 60% by a strategic partner. The UTI should convert itself into an AMC which could be owned upto 40% by the sponsoring company and 60% by the public.

The complete report is available on Unit Trust of India's website-www:unittrustofindia.com.

(c) The Board of Trustees of UTI have in its meeting held on 30th October, 2001 decided to make the report public to elicit the views of all stake holders. Appropriate action would be considered once the response of UTI Board of Trustees on the Malegam Committee report is received by the Government.

Supervision of Weak Banks

982. SHRI S. RAMACHANDRAN PILLAI:
PROF. (SHRIMATI) BHARATI RAY:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have since decided to bring down the cost of operation in some weak banks and supervise other banks which are in good financial condition;

(b) whether Government have assessed the amount needed for recapitalisation of the weak banks;

(c) if so, the details thereof; and

(d) what are Government's plan in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASHEB VIKHE PATIL): (a) Reserve Bank of India

(RBI) has taken several steps to improve the working of Indian banks, which include:—

- Increase in the minimum stipulation for capital adequacy ratio.

- Progressive tightening of prudential norms relating to income recognition, asset classification, provisioning, exposure, valuation of investments etc. to bring them in line with international best practices.

- Legal reforms.

- Introduction of Risk Management System.

As regards the three weak banks *viz.,* Indian Bank, UCO Bank and United Bank of India, these banks, in accordance with the Government's directions, had submitted restructuring plans covering a period of three years i.e., 2001-02 to 2002-03. Accordingly, these banks have taken several steps to bring about sustained improvement in their financial strength and reduce their cost of operation, which include implementation of VRS, rationalization of branch network, abolition of zonal offices, reduction of non-performing assets (NPAs), lowering their cost of deposits, increasing productivity and profitability etc.

(b) to (d) Government of India had set up in December, 2000, a High Level Group headed by Shri S.P. Talwar, the then Deputy Governor, RBI to examine the restructuring plans of three weak banks. The Group submitted its recommendations to the Government in January, 2001 which, *inter-alia,* recommended infusion of capital to ensure viable restructuring of the three weak banks. The recommendations are under examination of the Government of India.